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Management Analysis Memorandum ...

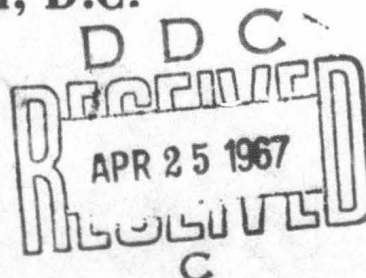
Office for Laboratory Management

Office of the Director of Defense
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Washington, D.C.

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**AN APPROACH TO ESTIMATING THE COST OF THE
PROPOSAL TO RAISE ALLOWANCES OF HIGH-GRADE POSITIONS
FOR DOD LABORATORIES**

Frank A. Nicolai*

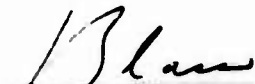
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new made
In the report of the Department of Defense (DoD) Task 97 Action Group, Grade and Salary Distribution of Selected DoD In-House Laboratories, 30 April 1965, ~~there is a proposal~~ to raise the allowance of high-grade positions (GS-14 and above) in FY 1966. This proposal is summarized in Table I.

TABLE I

Military Department	Present allowance	Proposed increase	Proposed allowance
Army	6,814	294	7,108
Navy	4,864	256	5,120
Air Force	4,245	253	4,498
Total	15,923	803	16,726

In addition, the proposal calls for the retention of present ceilings on manpower spaces. Thus, for each GS-14 or above added, one GS-13 or below would be eliminated. All space changes refer to the professional scientific and engineering population.

The initial impact of this proposal can be conceived as raising 803 average GS-13s to 803 average GS-14s. Its cost impact is shown in Table II.

TABLE II

Military Department	Difference between average salaries of GS-13 and -14*	Proposed increase	Total incremental cost
Army	\$2,157	294	\$634,158
Navy	2,271	256	581,376
Air Force	2,607	253	659,571
Total			\$1,875,105

Note: *Data obtained from President's Budget for FY 1966.

Although \$1.9 million is a good estimate of the initial annual cost increase, it understates the annual cost increase for future years. One method of approaching this problem is to assume that eventually the grade distribution for the subset GS-14 and above and the grade distribution for its complement GS-13 and below will

become stabilized; furthermore, we assume that those future distributions will approximate the present ones. On this basis, the estimated cost increase is derived in Table III.

TABLE III

Military Department*	Average annual salary for GS-14:**	Average annual salary for GS-13:**	Difference	Proposed allowance increase	Total annual increase for Department
Army	\$16,568	\$10,766	\$5,802	294	\$1,705,788
Navy	16,309	10,720	5,589	256	1,430,784
Air Force	16,232	11,177	5,055	253	<u>1,278,915</u>
Eventual total annual increase					<u>\$4,415,487</u>

Notes: *Estimates based on 6 Army, 11 Navy and 12 Air Force laboratories; see data on p. 59, report of the DoD Task 97 Action Group.

**Excludes PL-313s.